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# Intuit to Acquire PayCycle

## Companies Joining Forces to Provide new Online Payroll Offerings to Small Businesses, Accountants and Financial Institutions

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- [Intuit Inc.](#) (Nasdaq: [INTU](#)) has signed a definitive agreement to purchase [PayCycle Inc.](#), one of the nation's fastest-growing online payroll services, serving more than 85,000 small businesses. The cash transaction is valued at approximately \$170 million, subject to adjustment. Privately held PayCycle, based in Palo Alto, Calif., is a leader in online payroll for small businesses, accountants and financial institutions.

The acquisition will give small businesses access to one of the most innovative, easy-to-use and cost-effective online payroll solutions from one of the strongest and most trusted brands in financial management software. In addition, it will provide hundreds of thousands of accountants with the ability to easily and profitably offer services as stand-alone payroll providers for their small business customers.

### Customer Value

"We'll offer small businesses a range of low-cost, high-value alternatives to expensive payroll outsourcers and time-consuming, error-prone manual payroll methods," said Nora Denzel, senior vice president and general manager of Intuit Employee Management Solutions. "In addition, the acquisition will enable Intuit to develop and deploy the next generation of online payroll tools more quickly."

PayCycle chief executive Jim Heeger, a former Intuit chief financial officer, said the two companies' strengths complement each other.

"We share a common vision: using the Internet to deliver a secure and easy-to-use payroll solution to small businesses," said Heeger. "Like Intuit, our employees are proven innovators and industry thought-leaders who develop and deliver game-changing offerings that redefine traditional ways of doing things."

### Strategic Importance

The acquisition supports Intuit's strategic goals in two ways.

First, it underscores the company's connected services strategy, which is designed to give customers online access to its products and services. Today, Intuit derives more than half its total revenue from connected services offerings.

Expanding the online capability of its payroll offering advances Intuit's move into the "software as a service" markets for small business. As a result, the company expects to accelerate the growth rate of its overall payroll business.

In addition, PayCycle's partnerships with financial institutions are expected to extend Intuit's ability to offer integrated payroll solutions to an even larger set of partners and deliver a simple payroll solution to a greater number of small businesses.

## Terms and Conditions

The transaction is expected to close during the third quarter of calendar year 2009 and is subject to regulatory review and other customary closing conditions. Intuit expects the acquisition to reduce its GAAP earnings by approximately 2 cents per share in the fourth quarter of fiscal year 2009. Intuit does not expect the acquisition to have a material effect on fiscal year 2010 earnings. After the transaction is complete, PayCycle will become part of Intuit's small business group. PayCycle CEO Heeger will serve as a strategic advisor to Intuit for six months to help ensure a smooth integration of the two companies.

## About Intuit Inc.

Intuit Inc. is a leading provider of business and financial management solutions for small and mid-sized businesses; financial institutions, including banks and credit unions; consumers and accounting professionals. Its flagship products and services, including QuickBooks(R), Quicken(R) and TurboTax(R), simplify small business management and payroll processing, personal finance, and tax preparation and filing. ProSeries(R) and Lacerte(R) are Intuit's leading tax preparation offerings for professional accountants. The company's financial institutions division, anchored by Digital Insight, provides on-demand banking services to help banks and credit unions serve businesses and consumers with innovative solutions.

Founded in 1983, Intuit had annual revenue of \$3.1 billion in its fiscal year 2008. The company has approximately 8,000 employees with major offices in the United States, Canada, the United Kingdom, India and other locations. More information can be found at [www.intuit.com](http://www.intuit.com).

## About PayCycle

PayCycle is America's No. 1 online payroll service, serving more than 85,000 small businesses. PayCycle provides an easy-to-use, innovative, efficient service for small businesses, backed by outstanding customer support. PayCycle also powers payroll services for leading financial institutions including Capital One and PNC Bank, and provides client payroll services through many of the nation's accounting professionals. The PayCycle(R) service integrates with leading accounting programs, such as QuickBooks(R), Quicken(R), Peachtree(R) and Microsoft(R) Money. PayCycle's unique "Do-It-With-You<sup>SM</sup>" (DIWY<sup>SM</sup>) technology platform guides customers through the entire payroll process from paycheck to W-2 forms. PayCycle also holds PC Magazine's highest editorial honor for small business payroll, the PC Magazine Editors' Choice Award. Visit [www.paycycle.com](http://www.paycycle.com) for a free trial of the service.

## Forward-looking Statement

This news release includes forward-looking statements which are subject to safe harbors created under the U.S. federal securities laws. All statements included in this press release that address activities, events or developments that Intuit expects, believes or anticipates will or may occur in the future are forward-looking statements, including, particularly, the

expected effect of the transaction on Intuit's earnings, statements about the potential benefits of the proposed transaction to Intuit, the anticipated reach, capabilities and opportunities of the combined company, the ability to provide new services and products to customers, the expected benefits to current and potential customers, and the expected closing of the proposed transaction. All forward-looking statements are based on the opinions and estimates of Intuit's management at the time the statements are made and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements.

These risks and uncertainties include: the risk that the transaction is not consummated or is not consummated within the expected timeframe; the risk that governmental approvals of the acquisition are not obtained on the proposed terms and schedule; the risk that the expected benefits of the proposed acquisition are not realized; and the risk that disruption from the transaction may make it more difficult to maintain relationships with customers, employees, partners or suppliers. For information regarding risks related to Intuit, see discussion of risks and other factors in documents filed by Intuit with the Securities and Exchange Commission from time to time, including Intuit's Form 10-K for the year ended July 31, 2008, available on Intuit's Web site at [www.intuit.com/about\\_intuit/investors](http://www.intuit.com/about_intuit/investors). Forward-looking statements represent the judgment of the management of Intuit as of the date of this release, and Intuit disclaims any intent or obligation to update any forward-looking statements.

Source: Intuit Inc.